



**STATEMENT OF PROCEEDINGS  
FOR THE REGULAR MEETING OF THE  
LOS ANGELES COUNTY AUDIT COMMITTEE**

**KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 140  
LOS ANGELES, CALIFORNIA 90012**

**Wednesday, May 21, 2014**

**2:00 PM**

AUDIO LINK FOR THE ENTIRE MEETING. (14-2381)

**Attachments:**    [AUDIO](#)

Present:            Chair Carl Gallucci, Vice Chair Lori Glasgow, Member Louisa Ollague, Member Dorinne Jordan and Member Kieu-Anh King

**I. ADMINISTRATIVE MATTERS**

1. Call to Order. (14-2109)

**The meeting was called to order by Kieu-Anh King at 2:11 p.m.**

2. Approval of the April 16, 2014 meeting minutes. (14-2110)

**Kieu-Anh King requested an amendment to page 4, item No. 10 to correct the spelling of Lori Glasgow's name.**

**On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was approved as amended.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

**II. BOARD POLICIES**

3. Recommendation to extend the sunset review date of Board Policy No. 3.025 - Off-Peak Delivery of Commodities, to June 30, 2018 (4/16/14). (14-1770)

**Lori Glasgow indicated the Special Olympics are scheduled for July 25, 2015, and asked if the existing policy allows for modifications during major events and if all jurisdictions will adopt the same delivery schedule.**

**Gerald Plummer, Internal Services Department, stated that he will review the policy and schedule. Kieu-Anh King clarified that the current policy allows for emergency and special order deliveries.**

**On motion of Lori Glasgow, seconded by Kieu-Anh King, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 4.**    Recommendation to extend the sunset review date of Board Policy No. 3.005 - Posting Board Memos and Letters Online, to August 19, 2018 (5/7/14). (14-2229)

**Dorinne Jordan requested clarification regarding how this policy relates to the website for board correspondence. David Sommers, Chief Executive Office, confirmed that the policy does encompass the website for board correspondence.**

**On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 5.**    Recommendation to approve amendments to Board Policy No. 9.010 - Equal Employment Opportunity Non-Discrimination Policy Statement And Poster, and extend the sunset review date to June 30, 2018 (5/14/14) (Continued from the meeting of 5/21/14). (14-2277)

**On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

### **III. OLD BUSINESS**

- 6.**    Department of Parks and Recreation - Review of Proposition A Contract Cost Analysis for Maintenance Services at La Puente Area Parks (9/26/13) (Continued from the meetings of 10/16/13, 11/20/13, 12/18/13 and 5/21/14). (13-4657)

**On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

7. Recommendation to approve amendments to Board Policy No. 5.070 - Multi-Year Services Contract Cost of Living Adjustments and extend the sunset review date to March 18, 2018 (12/31/13) (Continued from meetings 1/15/14, 2/19/14, 3/19/14, 4/16/14 and 5/21/14). (14-0216)

**Kieu-Anh King requested that the policy be extended to July 31, 2014 and continued this item to the next meeting.**

**On motion of Dorinne Jordan, seconded by Lori Glasgow, this policy was approved as amended.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

8. Department of Mental Health - Pharmacy Operations (9/25/13) (Continued from meetings 10/16/13, 11/20/13, 12/18/13, 1/15/14, 2/19/14, 3/19/14 and 4/16/14). (13-4653)

**Robert Smythe, Auditor-Controller, reported that his department met with the Department of Mental Health and County Counsel to discuss the issues related to pharmacy donations; a formal opinion from County Counsel is expected by August 2014.**

**On motion of Dorinne Jordan, seconded by Carl Gallucci, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

9. Probation Department - Cash Handling, Trust Funds, Accounts Payable, and Commitments Review (2/19/14) (Continued from the meetings of 3/19/14 and 4/16/14). (14-1017)

**Kieu-Anh King questioned the status of whether Probation can accept cash donations intended for staff, from an attorney who represents minors.**

**Robert Smythe, Auditor-Controller, reported that the attorneys representing minors in Juvenile Hall made donations for staff appreciation events. Mr. Smythe stated that these attorneys will no longer make donations for staff appreciation, but rather to County events. Additionally, he explained that Sharon Harada, Juvenile Hall, Probation, is in contact with County Counsel to determine if there is a conflict of interest. Mr. Smythe stated that Probation Department is no longer accepting donations from any business partners.**

**On motion of Carl Gallucci, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

10. On-the-Job Training Pilot Project (4/1/14) (Continued from meeting of 4/16/14). (14-1603)

**Kieu-Anh King requested clarification regarding LA Work's ability to enter into contracts and subcontracts with departments other than Sheriff's Department and Community and Senior Services (CSS).**

**Elaine Boyd, Auditor-Controller (A-C), indicated that CSS is moving forward with placing LA Works on CARD. Also, Don Chadwick, A-C, explained that subcontracts between LA Works and DPSS that are placed on CARD will alert other departments to alert their prime contractors about not subcontracting with this agency. Additionally, Mr. Chadwick reported that CSS has requested an extension to complete the solicitation process for FY 2013-14; this includes contracts with LA Works and it would be at the discretion of CSS to extend the contract. Mr. Chadwick stated that if CSS decides to place LA Works in CARD, it will be reflected in the CARD report next month.**

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT - April 1, 2014](#)  
[SUPPORTING DOCUMENT - May 8, 2014](#)

11. Altamed Health Services Corporation - A Department of Public Social Services Cal-Learn Program Provider - Contract Compliance Review (4/4/14) (Continued from meeting of 4/16/14). (14-1704)

**Kenyatta Ortega, Department of Public Social Services (DPSS), reported that the agency will not be given the option to reinvest the amount owed and DPSS expecting the agency to repay approximately \$91,000.**

**Lori Glasgow requested that a status update of the agency be presented with the next quarterly DPSS monitoring update.**

**Louisa Ollague stated that Cal-Learn Program contractors have expressed concern about not receiving enough clients from DPSS and asked to have funds reinvested. Ms. Ortega was asked to determine if this issue is being looked at and provide the Audit Committee with an update via email.**

**The Audit Committee asked that the next quarterly DPSS monitoring update be presented in July 2014 instead of June 2014.**

**On motion of Lori Glasgow, seconded by Louisa Ollague, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 12.**    Department of Public Health - Nursing Home Investigation Audit (Board Agenda Item 49-A, March 4, 2014) (4/4/14) (Continued from meetings of 4/16/14 and 5/21/14). (14-1705)

**The Audit Committee asked Auditor-Controller (A-C) staff to include this item on a future Health and Mental Health Services cluster meeting.**

**Commission Services' staff was asked to invite Department of Public Health representatives and Health Deputies to the next Audit Committee meeting.**

**Don Chadwick, A-C, reported that the A-C is conducting a follow-up report to address approximately 40 case files; the report will be completed by July 2014.**

**On motion of Kieu-Anh King, and by Common Consent, there being no objection, this item was continued to July 2014.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

#### **IV. REPORTS**

- 13.**    District Attorney's Asset Forfeiture Fund (4/17/14). (14-1769)

**On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 14.**    Fiscal Year 2013-2014 Cash Flow Projection (4/21/14). (14-1915)

**On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

15. Probation Department Juvenile Camps - Department of Justice Settlement Agreement Monitoring for June 1, 2013 through November 30, 2013 - Eleventh Status Report (4/30/14). (14-2037)

**In response to questions posed by Lori Glasgow with regard to the exiting of the Department of Justice (DOJ) for this project, Dominic Corrales, Auditor-Controller (A-C), reported that at a recent Chief Deputy Justice meeting, Probation Department indicated that the last Provision will be completed by the end of 2014. Mr. Corrales provided an overview of the Provisions without monitoring tools and expected completion dates.**

**Don Chadwick, A-C, reported that DOJ monitors have put in compliance other provisions that did not have monitoring tools based on their observations and walkthroughs of Probation Camps.**

**On motion of Lori Glasgow, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

16. Department of Children and Family Services - Review of Trust Funds (4/30/14). (14-2040)

**Louisa Ollague asked Auditor-Controller (A-C) staff to present this item at a future Children and Families' Well-Being Cluster meeting.**

**Kieu-Anh King posed questions about whether the Department of Children Family Services (DCFS) has asked the Chief Executive Office and County Counsel for guidance on all of the findings. Robert Smythe, A-C, reported that DCFS requested assistance from County Counsel with regard to the foster care and child support fund findings and how the funds should be allocated. DCFS is waiting for County Counsel's opinion about the matter.**

**Arlene Barrera, Auditor-Controller, reported that County Counsel is also working with Department of Public Social Services (DPSS) on similar issues. County Counsel asked DCFS and DPSS to look for supporting documentation, related to the findings, before providing an opinion about the allocation of the funds.**

**The Audit Committee agreed to continue this item four months and requested that DCFS, County Counsel and DPSS be invited to provide a status update.**

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was continued to September 2014.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

17. Sheriff's Department - Human Services Consortium of the East San Gabriel Valley, dba LA Works - Vocational and Life Skills Services Contract Review (Board Agenda Item 15, March 25, 2014) (5/8/14). (14-2183)

**On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

18. Proposition A Contract - Department of Health Services Housekeeping Services with Sodexo America, LLC (Board Agenda May 13, 2014, Item 26) (5/9/14). (14-2230)

**On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

19. Countywide Utility User Tax Expenditure Audit Report as of June 30, 2013 (5/12/14) (Continued from the 5/21/14 meeting). (14-2235)

**On motion of Louisa Ollague, seconded by Lori Glasgow, this item was continued to July 2014.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

20. Fiscal Year 2013-2014 Cash Flow Projection (5/14/14). (14-2258)

**On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

**V. DISCUSSIONS**

21. Contractor Alert Reporting Database Status Report - May 2014 (5/13/14). (14-2108)

Jason Stempinski, Auditor Controller, reported that there have not been new contractors added to the Contractor Alert Reporting Database (CARD) in the past month. All for Health, Health for All, Inc., has resolved their issues and paid the Department of Public Social Services for financial penalties. In response to a request made by the Audit Committee on April 16, 2014 with regard to Department of Children and Family Services contractors, Mr. Stempinski provided the names of seven contractors that lost their facility licenses. The Audit Committee asked Mr. Stempinski to email the names of those contractors.

Louisa Ollague posed questions related to the possible placement of Los Angeles Urban League to CARD. Mr. Stempinski provided an overview of the process to add a contractor to CARD.

Attachments:    [SUPPORTING DOCUMENT](#)

22. MLK-LA Auditing and Monitoring Objectives. (14-2154)

Arlene Barrera, Auditor-Controller (A-C), distributed supporting documents for the Martin Luther King Jr. Community Hospital (MLK-LA). Ms. Barrera reported that her office had the opportunity to perform a more traditional audit of MLK-LA and MLK-LA's funding is predominately from Los Angeles County (LACO). A-C established guidelines for salaries but new MLK-LA employee salaries are expected to exceed the guidelines; Ms. Barrera reported that her office is available to audit MLK-LA to determine what salary contracts are in place and their value. Fiscal reports for Fiscal Year Ended 2012-13, provided by MLK-LA, were validated by A-C. Ms. Barrera reported that MLK-LA will submit their next annual report by September 2014, at which time; A-C will identify revenue provided by LACO and categorize it utilizing the Proposed MLK-LA Term Audit Objectives. Once the Annual Report has been submitted, A-C suggests that a small audit team be sent to MLK-LA to gather and compile data for the Audit Committee. Ms. Barrera reported that A-C staff has the ability to conduct audits on a quarterly basis but would like to receive direction on how often they should perform the audits. An audit being performed by an independent Certified Public Accountant will not be completed until March 2015. In response to questions posed by the Audit Committee with regard to the frequency of the financial reports, Ms. Barrera stated that the financial reports will be provided by MLK-LA on a quarterly bases starting



September 2014 and the Form 990 was due May 15, 2014; A-C staff will follow up with MLK-LA about the Form 990 status.

Greg Polk, Chief Executive Office (CEO), reported that an MLK-LA Oversight Committee, established by his department, will provide quarterly operational updates at Health and Mental Health Services Cluster meetings. Lori Glasgow requested that the updates be provided in conjunction with the quarterly A-C reports.

Louisa Ollague requested that a schedule of the upcoming reports be created in order to assist with clarifying needed scope of work, resources and possible penalties for fiscal reports that are not completed timely. CEO staff agreed to generate a schedule of the reports and A-C staff will prepare a matrix identifying when the reports will be due, when A-C staff is available to conduct the audits and the period of time that will be audited.

In response to Ms. Barrera's question with regard to the frequency of the audits, Kieu-Anh King reported that his office would not have a problem with quarterly audits.

Dorinne Jordan expressed concern about the funding source for the anticipated audits and asked A-C staff to identify who would absorb the cost. Ms. Barrera reported that since MLK-LA is not a LACO entity, it cannot be charged for the audits and suggested that PFU funding be utilized.

Discussion ensued among Committee members, A-C staff and CEO staff with regard to anticipated audits, cost and funding for the audits.

Dorinne Jordan asked CEO staff to provide options that may be utilized to present the audit schedule and funding alternatives to the Board of Supervisors for approval.

Kieu-Anh King reiterated that A-C staff will work in conjunction with CEO staff to create and submit a schedule of possible audits to the Audit Committee by May 22, 2014, CEO staff will also provide options to use as a mechanism to present audit details to the Board of Supervisors. CEO, A-C and Department of Health Services will determine if further related discussions need to be established at a future Audit Committee meeting or Budget Deputies meeting.

**23. Department of Public Health Monitoring Update. (14-2285)**

**Don Chadwick, Auditor-Controller (A-C), provided an overview of a Department of Public Health (DPH) schedule, distributed to the Audit Committee, with regard to audits issued by A-C.**

**In response to questions posed by Fred Leaf, Senior Health Policy Advisor for the Fifth Supervisorial District, with regard to AIDS Healthcare Foundation (AHF), Mr. Chadwick reported that AHF is still involved in the legal process.**

**Dave Young, DPH, reported that the Federal case for AHF was dismissed and there is a State case with the same issues. Mr. Young provided an overview of the process executed by DPH when agencies have uncollected debt.**

**Kieu-Anh King requested an update of Long Beach Miller Memorial Medical Center (Long Beach Memorial). Mr. Young reported that additional documentation was provided by Long Beach Memorial and A-C determined that the documentation did not change the findings of the audit. Long Beach Memorial was given until the end of May for repayment or the process of suspending future invoice payments will be initiated by DPH.**

**Martha Jimenez, Senior Counsel for the First Supervisorial District, posed questions about other contracts for AHF. Mr. Young reported that contracts for AHF are being renewed until their legal matters are resolved. Elaine Boyd, A-C, reported that her office is working on the final draft fiscal audit report for AHF.**

**Kieu-Anh King posed questions about placing Long Beach Memorial on the Contractor Alert Reporting Database (CARD). Jason Stempinski, A-C, reported that Long Beach Memorial would be placed on CARD if they do not enter into a repayment agreement and DPH decides to place them in CARD.**

**24. Pending Audits/Monitoring Reports. (14-2111)**

**In response to a request made on April 16, 2014 (agenda item No. 10) by the Audit Committee (A-C), Robert Smythe, Auditor-Controller, reported that his department, the Treasurer and Tax Collector and the Sheriff's Department met to review the Sheriff's Department delinquent accounts receivables and all three departments determined that the Sheriff's Department is in compliance. The bulk of the outstanding delinquent receivables have been collected.**

**VI. MISCELLANEOUS**

25. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future meeting). (14-2112)

25A. **As requested by Kieu-Anh King under Agenda Item No. 8; add a discussion item to the August 2014 Agenda to discuss County Counsel's formal opinion related to pharmacy donations. (14-3190)**

26. Public Comment. (14-2113)

**No members of the public addressed the Committee.**

27. Adjournment. (14-2114)

**On motion of Dorinne Jordan, seconded by Lori Glasgow, there being no objection, the June 18, 2014 Audit Committee meeting was cancelled.**

**There being no further business to discuss, the meeting adjourned at 3:43 p.m. The next meeting is scheduled for July 16, 2014.**